

Introducing

**Kotak CRISIL-IBX AAA
Financial Services Index
– Sep 2027 Fund**

1st

**FINANCIAL
SERVICES**

INDIA'S

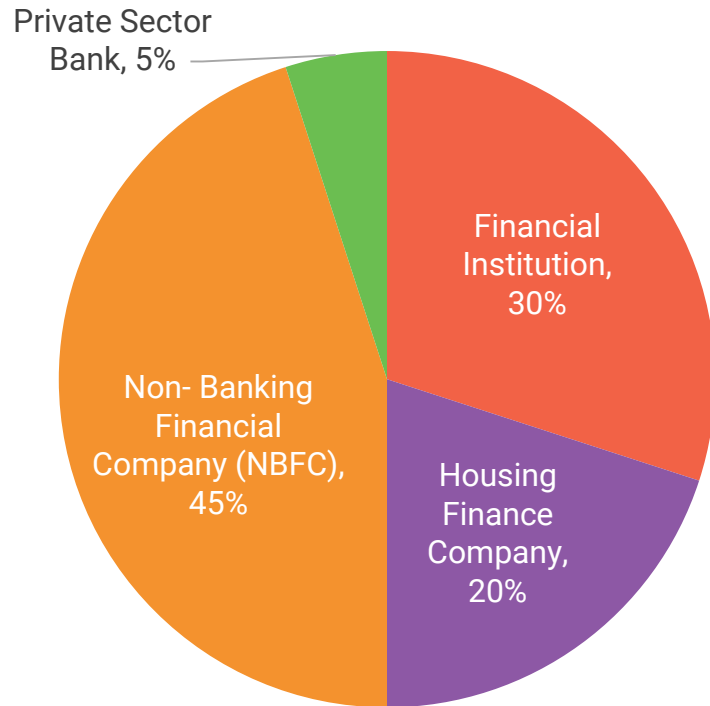
DEBT INDEX FUND

Source: AMFI

NFO from 30th August 2024 to 11th September 2024

Constituents Of CRISIL-IBX AAA Financial Services Index – Sep 2027

Industry-Wise Breakup



100% Financial Services
70% NBFC + HFC + Private Sector Banks

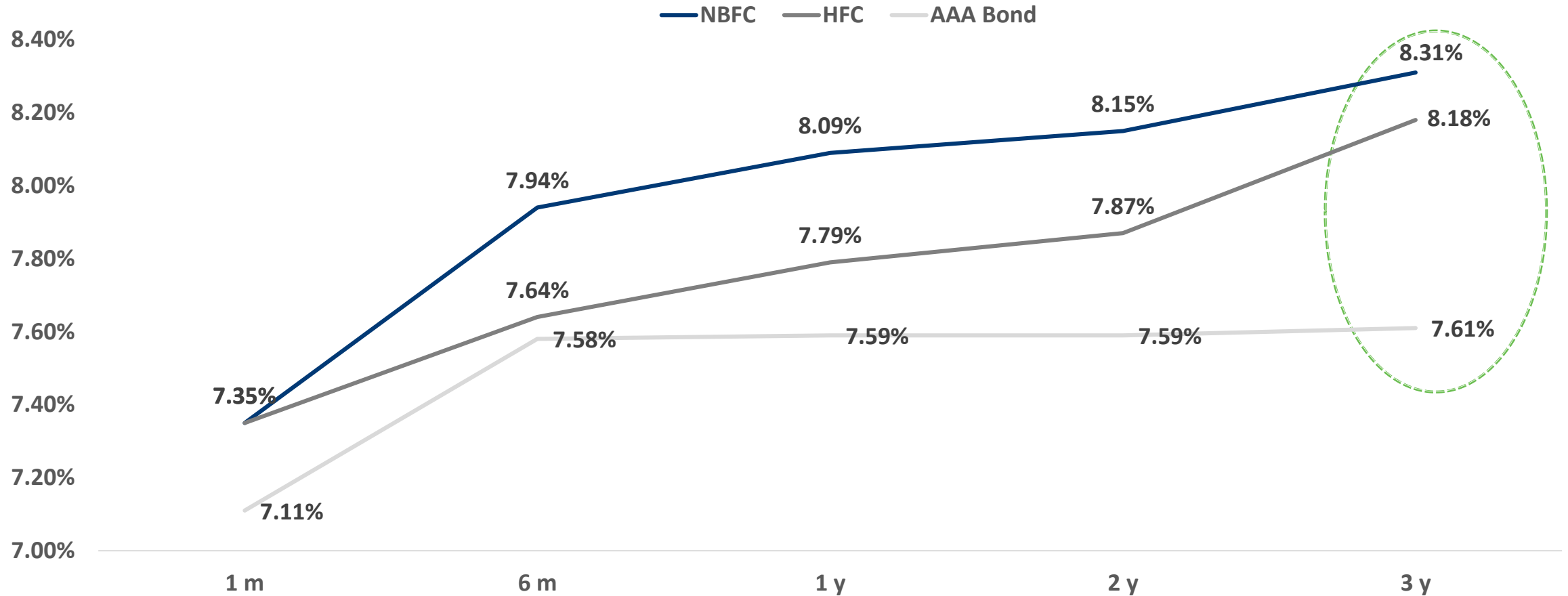
Issuer	Basic Industry	Weightage
National Bank for Agriculture & Rural Development	FINANCIAL INSTITUTION	5.00%
Small Industries Development Bank Of India	FINANCIAL INSTITUTION	5.00%
National Housing Bank	FINANCIAL INSTITUTION	5.00%
Rural Electrification Corporation Ltd.	FINANCIAL INSTITUTION	5.00%
HDB Financial Services Ltd.	NON BANKING FINANCIAL COMPANY (NBFC)	5.00%
LIC Housing Finance Ltd.	HOUSING FINANCE COMPANY	5.00%
Power Finance Corporation Ltd.	FINANCIAL INSTITUTION	5.00%
Bajaj Finance Ltd.	NON BANKING FINANCIAL COMPANY (NBFC)	5.00%
Kotak Mahindra Prime Ltd.	NON BANKING FINANCIAL COMPANY (NBFC)	5.00%
Axis Finance Ltd.	NON BANKING FINANCIAL COMPANY (NBFC)	5.00%
Aditya Birla Finance Ltd.	NON BANKING FINANCIAL COMPANY (NBFC)	5.00%
Tata Capital Ltd.	NON BANKING FINANCIAL COMPANY (NBFC)	5.00%
Indian Railway Finance Corporation Ltd.	FINANCIAL INSTITUTION	5.00%
Tata Capital Housing Finance Ltd.	HOUSING FINANCE COMPANY	5.00%
Bajaj Housing Finance Ltd.	HOUSING FINANCE COMPANY	5.00%
Kotak Mahindra Investments Ltd.	NON BANKING FINANCIAL COMPANY (NBFC)	5.00%
L&T Finance Ltd.	NON BANKING FINANCIAL COMPANY (NBFC)	5.00%
Mahindra & Mahindra Financial Services Ltd.	NON BANKING FINANCIAL COMPANY (NBFC)	5.00%
Aditya Birla Housing Finance Ltd.	HOUSING FINANCE COMPANY	5.00%
HDFC Bank Ltd.	PRIVATE SECTOR BANK	5.00%

YTM: 7.90%

Source: CRISIL. & YTM as on 19th August'24

Issuers mentioned above are for illustrative purposes only. This should not be treated as a recommendation to trade in securities issued by the above mentioned issuers the above portfolio composition and statistics pertain to CRISIL-IBX AAA Financial Services Index – Sep 2027. The stocks/sectors mentioned do not constitute any kind of recommendation and are for information purpose only. Kotak Mahindra Mutual Fund may or may not hold position in the mentioned stock(s)/sector(s). The portfolio and its composition is subject to change and the same position may or may not be sustained in future. Basic Industry classification is as defined by CRISIL

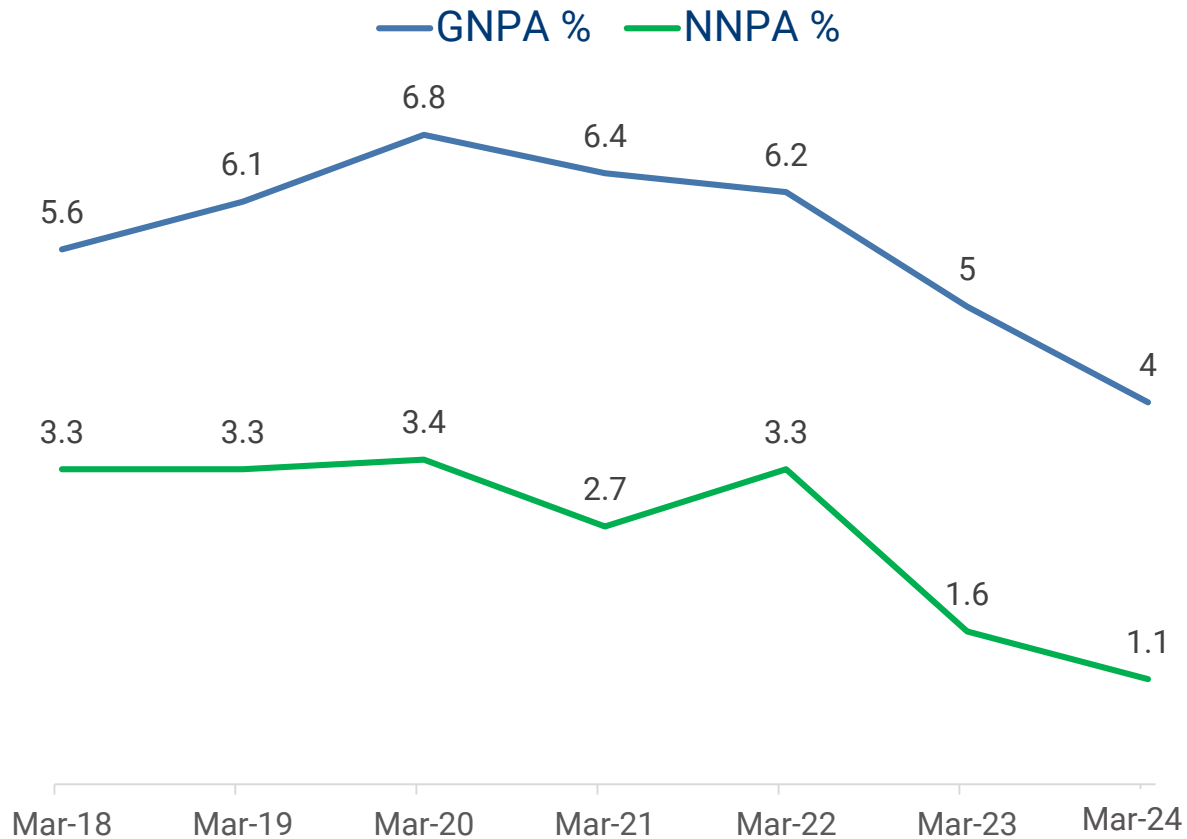
NBFC & HFC Bonds Show Spread Over AAA Bond



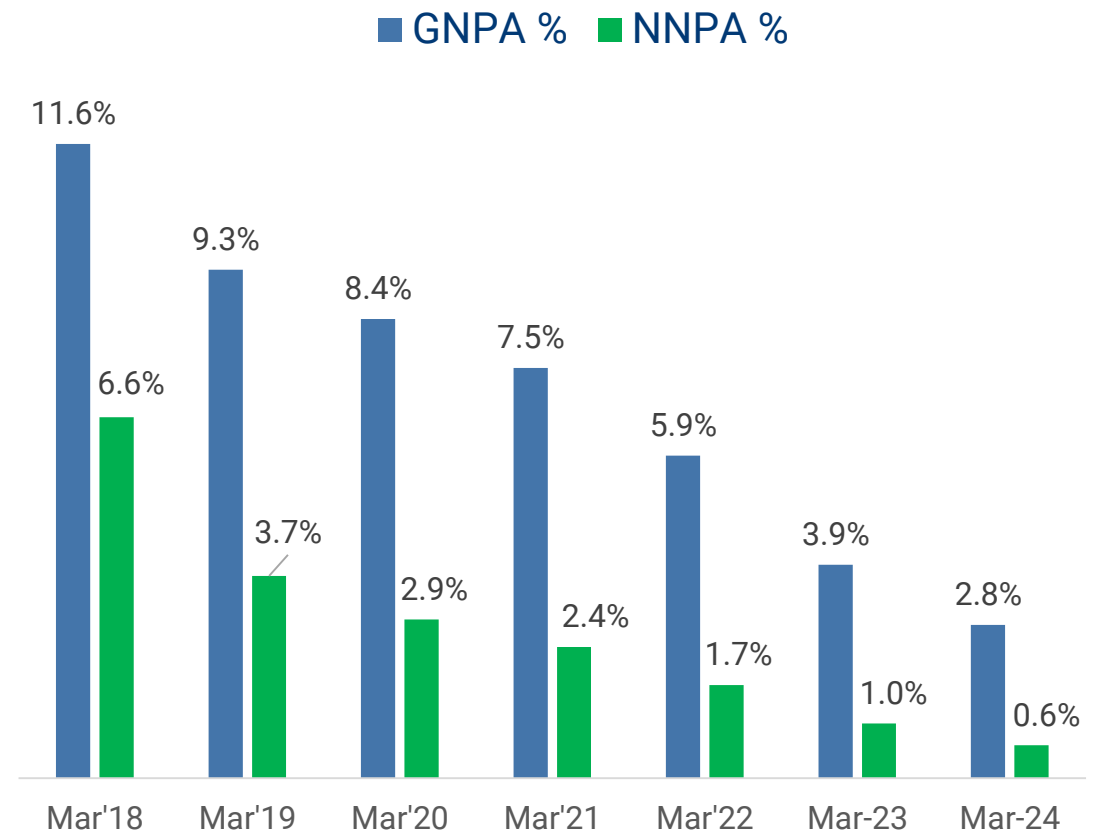
Data as on 26th Aug'24. Source: CRISIL, ICRA. This is just a representation of the yield scenario examples for understanding the concept. Past performance may or may not be sustained in future. This should not be taken as an indication of the returns that maybe generated by the fund and the securities bought by the fund may or may not be held till their respective maturities.

Asset Quality Has Shown Sustainable Improvement

NBFCs



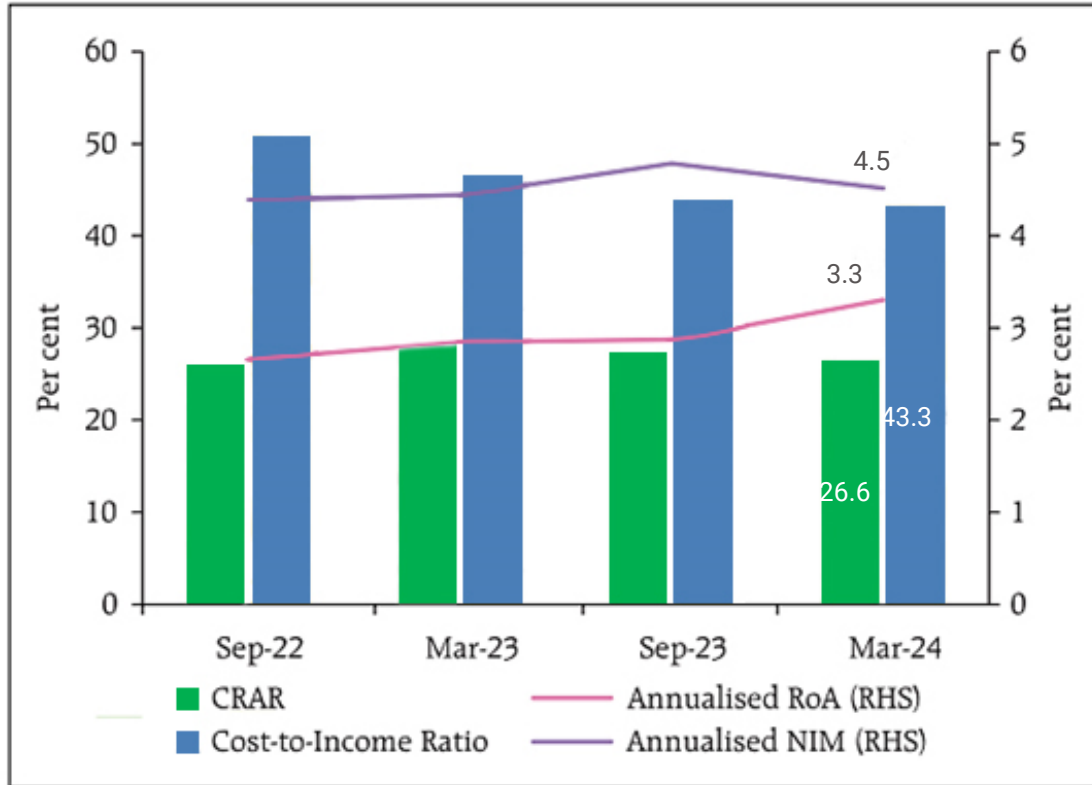
Banks



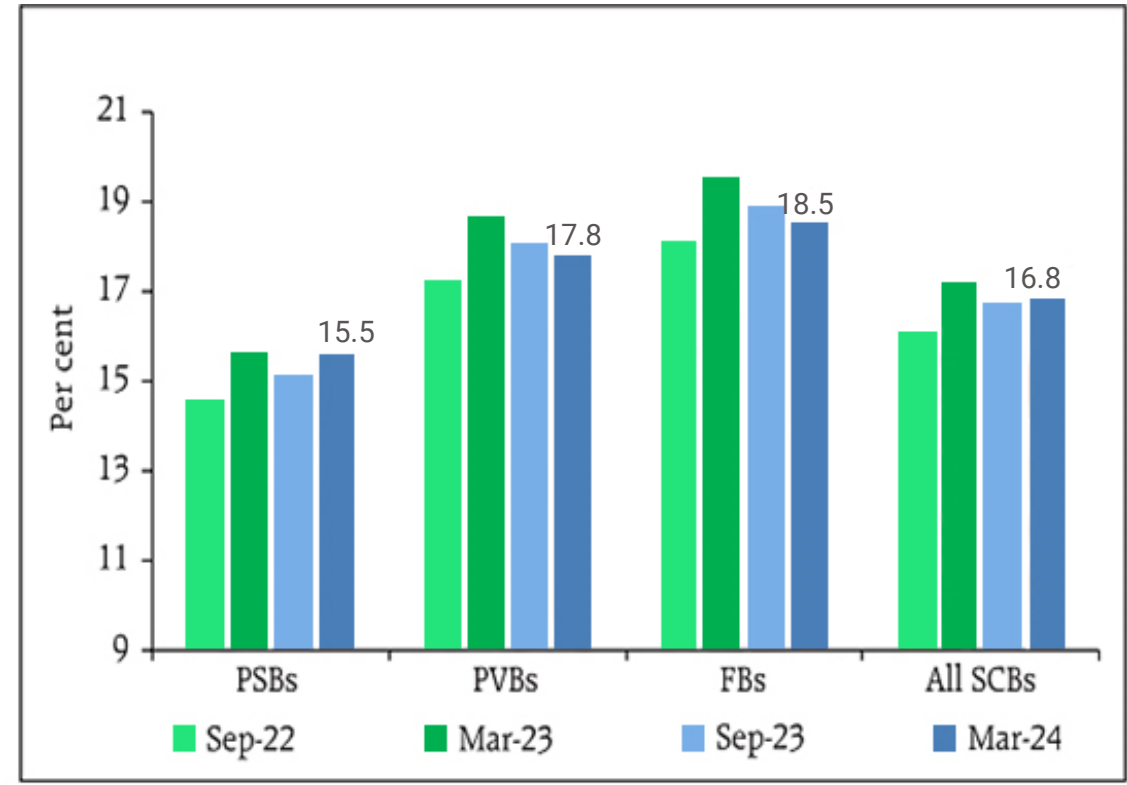
Data as on Jun'24. Source: RBI Financial Stability Report Jun 2024. Gross NPA (GNPA) denotes the total of all the loan assets that haven't been repaid by the borrowers within the ninety-day period. Net NPAs (NNPA) = Gross NPAs – Provisions. | Details as per latest data available. KMAMC may or may not have exposure in these securities and shall not be construed as recommendation. This performance is not related to the scheme

Capital Adequacy & Profitability Look Strong

Capital Position for NBFCs remains Healthy



CRAR* for Banks stands High



Source: RBI Financial Stability Report Jun 2024

*CRAR i.e. Capital to risk-weighted assets ratio is the percentage of capital funds to risk-weighted assets. The ratio measures a bank's financial stability by measuring its available capital as a percentage of its risk-weighted credit exposure. Cost-to-income ratio is calculated by dividing the operating expenses by the operating income generated i.e.net interest income plus the other income. NIM stands for Net Interest Margin

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PSBs: Public Sector Banks, PVBs: Private Banks, FBs: Foreign Banks, SCB: Scheduled Commercial Banks

What is a Target Maturity Index Fund ?



Salient Features



Open-ended structure – No lock-in period & Investors can invest till maturity



Fixed Maturity Date – At maturity investors get back proceeds



Known Universe – Replication of Publicly available Debt Index



Investment in a **Diversified Portfolio**



Single Issuer weights **capped at 15% for AAA rated securities** as per circular & rating is defined

Fixed Income Solution For Investors



FIXED MATURITY

AAA Bonds maturing not beyond its maturity date



BROADLY IN LINE WITH INDEX

Expected to have Portfolio Aggregates in line with the underlying Index



LIQUIDITY MANAGEMENT

A portion of its portfolio may also be invested in Debt & Money Market Securities maturing on or before the maturity date of the Scheme

Who Should Invest?

Investors seeking:



Low Cost

(Relatively lower expense ratio being a Passively managed fund)



Fixed Income

(Fixed maturity which aims to generate potential returns in line with the underlying benchmark)



Relatively Safer

(The fund constitutes of AAA Bonds, that follow closely on the heels of Central Govt. issued Gilts)

Debt Index Funds vs Other options

Parameters	Debt Index Fund	Fixed Term Deposits	Open ended Debt funds
Liquidity	✓		✓
Diversification	✓		✓
Visibility of returns	✓	✓	
Defined Maturity	✓	✓	

Sensitivity Scenario Analysis Of Yield Movement

The below table illustrates the sensitivity of mark to market (MTM) gain / loss + %yield accrued during the holding period of the underlying debt index to increase or decrease in interest rates.

Changes of yields in benchmark (in bps)	Period of investment		
	1 Year (%)	2 Year (%)	3 Year (%)
-100	10.4	9.1	7.9
-75	9.8	8.8	7.9
-50	9.1	8.5	7.9
-25	8.5	8.2	7.9
25	7.3	7.6	7.9
50	6.7	7.3	7.9
75	6.0	7.0	7.9
100	5.4	6.7	7.9

Source – Kotak MF Research

YTM is taken as 7.90% as on 19th Aug'24 (Source: CRISIL methodology document)

Underlying debt index benchmark is CRISIL-IBX AAA Financial Services Index – Sep 2027

The scenarios are based on changes in interest rates and theoretical movements in bond yields. Past performance may or may not be sustained in future. Yields given above is based on the market data as on date given above. This should not be taken as an indication of the returns that maybe generated by the fund and the securities bought by the fund may or may not be held till their respective maturities

About the Debt Index Fund





CRISIL-IBX AAA Financial Services Index – Sep 2027 seeks to track the performance of AAA issuers from the financial services sector maturing near target date of the index. This is a sectoral index consisting of issuers only from Financial Services sector



AAA-rated corporate bond issuers in the **financial services sector** with conservative rating of AAA only based on liquidity, and the security nearest to index maturity

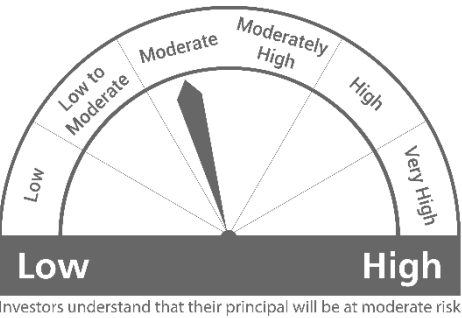
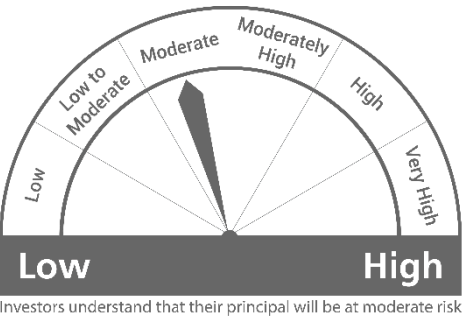


Index rebalancing and reconstitution to be done on a Semi-Annual basis

About Kotak CRISIL-IBX AAA Financial Services Index – Sep 2027 Fund



Name of the Scheme	Kotak CRISIL-IBX AAA Financial Services Index – Sep 2027 Fund
Benchmark	CRISIL-IBX AAA Financial Services Index – Sep 2027 Index
Fund Manager(s)	Mr. Abhishek Bisen
Minimum Amount for Application in the NFO of scheme	Minimum Investment : Initial Purchase (Non-SIP): Rs.100/- and any amount thereafter Additional Purchase Amount (Non-SIP): Rs.100/- and any amount thereafter SIP Purchase : Rs.100/- and any amount thereafter
Exit load	For redemption / switch-out of units on or before 180 days from the date of allotment: 0.25% of applicable NAV. For redemption / switch-out of units after 180 days from the date of allotment – Nil

<p>Scheme Riskometer</p> 	<p>Benchmark Riskometer (CRISIL IBX AAA Financial Services Index – Sep 2027)</p> 	<p>KOTAK CRISIL-IBX AAA Financial Services Index – Sep 2027 Fund</p> <p>An open-ended Sectoral Target Maturity Debt Index Fund investing in constituents of CRISIL-IBX AAA Financial Services Index – Sep 2027. A relatively high interest rate risk and relatively low credit risk.</p> <p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> Income over Target Maturity Period An open-ended Target Maturity Index Fund tracking CRISIL-IBX AAA Financial Services Index – Sep 2027
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*Investors should consult their financial advisors if in doubt about whether the product is suitable for them

(The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or model portfolio and the same may vary post NFO when actual investments are made)

Potential Risk Class Matrix

Credit Risk → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low			
Moderate			
Relatively High	A-III		

Disclaimer



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Past performance may or may not be sustained in future. For detailed portfolio and related disclosures for the scheme please refer our website <https://www.kotakmf.com/Information/forms-and-downloads>. The portfolio and its composition is subject to change and the same position may or may not be sustained in future. The fund manager may make the changes, as per different market conditions and in the best interest of the investors.

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